

September 20, 2001

James P. Mayer
Executive Director
Little Hoover Commission
925 J. Street
Suite 805
Sacramento, California 95814

Dear Mr. Mayer:

Thank you for the invitation to speak before the Little Hoover Commission on September 25, 2001 regarding the school facility program of the Los Angeles Unified School District. I also appreciate your willingness to schedule Board President Caprice Young and me early in the day to enable us to preside over the regularly scheduled meetings of the LAUSD Board of Education on that date.

We appreciate the interest the Commission has in the success of our school facility program. We share your view that Los Angeles has a lot at stake in our ability to deliver on the desperately needed classroom seat we plan to provide in the next 5-7 years. Urban school districts across the country are facing many of the same challenges we are in acquiring land through eminent domain proceedings, providing relocation assistance, completing the environmental studies and remediation, obtaining design and other approvals through the Department of the State Architect, and finally, constructing the schools.

However, I have great confidence that the team we have assembled has tremendous talent, experience and determination. They are thinking strategically and practically in terms of executing our facilities master plan. They are reporting credibly on a monthly basis to our Proposition BB Oversight Committee and biweekly to our own Board of Education Facilities Committee about our progress. They are providing web-based tools for staff and policy makers to review project-by-project status to ensure we have transparency in our building program. And we are breaking ground on new schools on a regular basis. Bell Primary Center opened last June and three more schools are opening this year -- Bellevue Interim Primary Center and Belmont Hollywood Primary Center #2 are opening before the end of next month; Van Nuys Elementary school will open later this year.

While we have made tremendous progress in the structure, staffing and reporting tools in our facilities group, we are not done. We are a continuous improvement organization. Captain Jim McConnell has been with us for less than a year, and continues to drill down into the organization and the processes to identify opportunities for increased efficiency, reduced timelines and enhanced delivery of classroom seats and modernization.

In your letter, you mentioned your interest in hearing from us regarding ways the State of California could be more helpful in this endeavor. I commend you for your forethought regarding the complexity of the school funding and design approval processes at the State level. We have spent a great deal of time working with the various State agencies regarding streamlining of their processes and enhancing our communication and workflow with them. Our work in this regard recently led to an agreement for us to house some of the State's key staff in our facilities department creating an environment in which we are working side-by-side to ensure fast, clear communication and document processing/approvals. This is the kind of cooperation and innovative thinking we need to be successful.

I've asked Mr. McConnell to speak more specifically to any additional areas where we are looking for enhancements in the State's processes and requirements. I've also asked him to share with you his current organizational structure and staffing.

Finally, you mentioned your concern that the District pursue the best possible talent for its management positions, irrespective of whether they are current District employees. Let me say that I unequivocally share your view about the importance of world class management talent. If you look at my senior staff in the areas of Facilities, Technology and Finance, you will see that we have gone to great lengths to attract and hire experienced professionals – all from outside the District. This is not to suggest that we do not value the experience, knowledge and continuity provided by long-standing District employees. What we are striving for is excellence, and if we find it in our existing staff, we must capitalize on that as well.

With regard to the remaining specific questions you asked in your invitation letter, the accompanying information is provided. Mr. McConnell and Ms. Anita Ford, Personnel Director, will be present at the hearing to answer specific questions in these areas.

Thank you again for the opportunity to speak to you on behalf of our 75,000 employees and 740,000 students.

Sincerely,

Roy Romer
Superintendent

Project Tracking

1. You asked us for information regarding state funding for our new school projects. Attached is the most current State Allocation Board (SAB) application analysis for Prop 1A matching funds, which are the 50/50 match component for our local Proposition BB Bond Priority Plan projects. To date, we have submitted \$54 million in applications. In early August we rebaselined all Priority Plan projects to validate application projection dates, and at that time projected a total of approximately \$450 million in applications will be filed. At that time, seven of these projects were still in the PEA (Preliminary Environmental Assessment) process, but appeared to be potential candidates for a full remediation action. (Note: All other preferred sites in the Priority Plan have already reached this stage of environmental determination.) This determination will be made within the next 45 days, and if a further remediation plan is required, these projects will be filed under the Environmental Hardship provisions and the \$450 million estimate could be reduced by as much as \$25 million.

The District has prepared a financing strategy to bridge the funding shortfalls for the total program cost, in anticipation of completing construction and being in line for subsequent state and/or local bond measures. This financing strategy was presented to the Facilities Committee of the Board of Education this week.

Also attached is a Funding Analysis Bar Chart Summary (data of September 7, 2001) that reflects, by individual project, the point in each project that the project is anticipated to be out of currently available funds, and to require the bridge financing mentioned above to complete.

2. A second area of concern expressed in your letter was how the district monitors critical milestones for individual projects. Attached is an August 27, 2001 print out of the various critical milestones tracked weekly by the Project Management team, in collaboration with Office of Environmental Health & Safety, Real Estate, and Community Outreach. These milestones are tracked on an integrated software, with focus on potential schedule impacts and mitigation plans. The three critical path elements are the successful completion of the DTSC (Department of Toxic Substances) / CEQA (California Environmental Quality Act) requirements, design completion, and property acquisition/relocation programs.
3. Finally, you asked how various constituencies can determine if individual projects are on time and on budget. Project data and critical milestones are now available to the public at www.laschools.org. This data is pulled directly from the integrated database reference above, and is updated with explanatory comments for the public on a monthly basis.

The website also references upcoming project specific community meetings, where the public can obtain additional information regarding the projects. Highlights of critical issues are flagged at monthly BB Committee and Facility Committee meetings, based on the above reports. Additionally, the facilities team provides frequent presentations on the overall program as well as specific projects to various elected officials, public

agencies, and community groups.

The website at www.laschools.org is in the initial development stages, with plans for providing additional program-wide data, policies & procedures, district-wide facilities needs, opportunities for bidding, and further design and program information on each project in the coming months.

In collaboration with the Superintendent's office and the Office of Information, we are also working on developing a proactive outreach program to make our facilities information more accessible and available to the broader public.

E-Rate

1. You asked for an update and more detailed description of the work that may not be completed under Year 3 E-Rate, and why. You also asked about the District's financial exposure as a result.

Of the four E-Rate vendors installing local area networks (LANS) in the 450 schools, one has completed all 29 schools assigned to that contract.

One vendor has been removed from the program and with the approval of Schools and Libraries Division (SLD), another vendor has been authorized to complete the 101 schools of that contract. The SLD has approved an extension until June 30, 2002 for the completion of these schools.

The remaining two vendors have reported they expect to complete the outstanding schools by the September 30, 2001 deadline with the exception of those schools with impacts outside of their control. School sites that have been impacted by non-E-Rate related modernization, hazard mitigation or work with other mitigating circumstances may not be completed by the September 30, 2001 deadline. Approximately 17 schools are currently projected to fall into this category.

The District's financial exposure is minimal for these 17 schools that are at risk of not being completed by the September 30, 2001 deadline. The SLD pays the vendors directly on a percent complete basis. The District's match contribution, which is the retention payment, has not yet been paid on any of these schools. Total match contribution for the District for these 17 schools is approximately \$12 million. The total estimated value of the uncompleted work is \$2 million. The District's match, as well as any additional electrical and project management costs associated with not meeting the deadline are being funded by Certificates of Participation (COPS) which were issued for this purpose.

2. You asked about the Safety and Technology projects funding source. The Safety and Technology program is a component of the workplan funded by our local Proposition BB Bonds. The Safety and Technology Program's primary focus is providing public address systems and intrusion alarms for all schools. It was originally envisioned that

the Safety and Technology funding would also provide basic local area network connectivity at our schools. When E-rate funding became available, we were not only able to upgrade the quality and extent of the local- and wide-area networks provided at our schools with this funding, but we were also able to free up Safety and Technology funding that would have gone to this effort. Schools that have not qualified for E-Rate will continue to have their local area network installed as part of the Safety and Technology program.

Facilities Division Staffing

Mr. McConnell will cover these questions when he addresses the Commission.

Promotional Examinations

With regard to our philosophy regarding experience requirements for our most senior positions, let me say that it is the responsibility of management to determine the extent to which an individual's experience is of sufficient breadth and depth to ensure success, not the "minimum experience requirement" posted in the job bulletin. With that in mind, it is our belief that the District has made great strides in the employment of highly qualified employees to fill positions requiring exceptional levels of expertise. We are dedicated to this approach. One concrete example of this commitment is our recent expansion (from 11 to 21) of the number of classified positions designated as "senior management." This allows us to appoint the best available individuals from outside the District in specialized executive positions without recourse to the normal civil service process. Of the 16 "senior management" positions filled currently, 12 are occupied by persons from outside the District. Examples include: Chief Facilities Executive and two Deputy Chief Facilities Executives, Chief Financial Officer, Chief Information Officer, Budget Director, Director of Environmental Health and Safety, and Inspector General. The District is currently requesting waivers from the State Board of Education to allow even more "senior management" positions in order to bring in additional outside expertise and experience.

With regard to your question about the Education Code and promotional candidates, we agree that the Code gives the District's Personnel Commission some discretion in designating whether a position should be filled promotionally or from an open field of competition. However, the Code strongly implies that preference be given to promotional candidates. Nevertheless, I don't think there is a single key management position filled in this last year in which we limited competition to existing District employees. It simply is not consistent with our view that we should be looking for the best candidate, not the best internal candidate.

For lower level positions, the decision regarding open vs. promotional competition is made on a case by case basis for each examination. Factors involved in this determination include the number of vacancies and management's recommendations regarding the quality of internal candidates. However, examination Entrance Qualifications have been strengthened to restrict competition to individuals who have demonstrated expertise in the required

specialized area. Copies of recent descriptions for several Facilities-related classes are attached.

The Commission does allow up to 2.5 seniority points for promotional candidates. This policy is based on the Code's preference for building a career service. In reality, the use of the senior management exemptions have nullified this slight advantage for high level positions in that all persons listed for consideration are eligible for employment.

You also reference identifying promotional candidates on eligibility lists. This is a courtesy the Personnel Commission grants the appointing authority to provide information regarding a candidate's background in the event that experience within the District may be an important employment factor. It is not intended as a recommendation regarding the hiring of an employee.

Finally, it should be noted that the District is employing an increasing number of contracted project management and real estate firms from the private sector to assist in the facilities development programs in order to provide private sector knowledge and experience in meeting our facilities development challenge.